



DEPARTMENT OF COMMERCE
Foreign-Trade Zones Board
(B-45-2014)

Foreign-Trade Zone (FTZ) 158 – Vicksburg/Jackson, Mississippi
Notification of Proposed Production Activity
Southern Motion, Inc.
(Upholstered Furniture)
Pontotoc and Baldwin, Mississippi

The Greater Mississippi Foreign-Trade Zone, Inc., grantee of FTZ 158, submitted a notification of proposed production activity on behalf of Southern Motion, Inc. (SMI), located in Pontotoc and Baldwin, Mississippi. The notification conforming to the requirements of the regulations of the FTZ Board (15 CFR 400.22) was received on June 20, 2014.

A separate application for subzone designation at the SMI facilities was submitted and will be processed under Section 400.31 of the FTZ Board's regulations. The facilities are used to manufacture and distribute upholstered furniture as well as cut-and-sewn upholstery covering sets. The proposal indicates that SMI seeks to utilize foreign-origin "micro-denier suede" fabric finished with a hot caustic soda solution that would be transformed into furniture upholstery covering sets under FTZ procedures. The finished upholstery covering sets would then be assembled into finished chairs, seats, sofas, loveseats, and sectionals manufactured at the SMI facilities in Mississippi. All foreign upholstery fabric other than micro-denier suede fabric used in SMI's production within FTZ 158 would be admitted to the proposed subzone in domestic (duty-paid) status (19 CFR 146.43), thereby precluding FTZ-related duty savings on such fabrics.

Pursuant to 15 CFR 400.14(b), FTZ activity would be limited to the specific foreign-status materials and components and specific finished products described in the submitted notification (as described below) and subsequently authorized by the FTZ Board.

Production under FTZ procedures could exempt SMI from customs duty payments on the foreign micro-denier suede upholstery fabric used in export production. On its domestic sales, SMI would be able to apply the finished upholstery cover set (*i.e.*, furniture part) or finished furniture duty rate (free) for the micro-denier suede upholstery fabric described below. Customs duties also could possibly be deferred or reduced on foreign status production equipment.

The proposed scope of authority under FTZ procedures would only involve micro-denier suede upholstery fabrics finished with a hot caustic soda solution process (the applicant indicates such fabric is not produced by U.S. mills), as detailed in the notification (duty rate ranges from 2.7 to 17.2%). All other material inputs used in the production activity would be in domestic status.

Public comment is invited from interested parties. Submissions shall be addressed to the FTZ Board's Executive Secretary at the address below. The closing period for their receipt is **[INSERT DATE 40 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

A copy of the notification will be available for public inspection at the Office of the Executive Secretary, Foreign-Trade Zones Board, Room 21013, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230-0002, and in the "Reading Room" section of the FTZ Board's website, which is accessible via www.trade.gov/ftz.

For further information, contact Pierre Duy at Pierre.Duy@trade.gov, or (202) 482-1378.

Dated: June 25, 2014.

Elizabeth Whiteman
Acting Executive Secretary